

COUNCIL ON HOUSING
Public Session
Buena Vista Conference Center
New Castle, Delaware
June 10, 2009

ACTION ITEMS

• **Diamond State Community Land Trust Grant Revision.**

On June 10, 2009, John Walker, Chair, called to order the Public Session of the Council on Housing at 2:03 p.m. In addition to Mr. Walker, the following Council members were present:

Russ Huxtable	Bill Pearson
Hugh Leahy	Ralph Peters
Connie Louder	Ruth Sokolowski
Connie McCarthy	Norma Zumsteg

The following Council member was absent and excused from the meeting:

Vincent White

The following persons also attended the meeting:

Anas Ben Addi, Director, Delaware State Housing Authority (DSHA)
Lynda Blythe, Administrative Specialist III, DSHA
Matthew Heckles, Legislative and Policy Advisor, DSHA
Jerry Jones, Housing Finance/Development Administrator, DSHA
Timothy McLaughlin, Deputy Director, DSHA

Guests present:

George Danneman, Salvo Landau Gruen & Rogers
Dr. Pam Leland, The Leland Leadership Group, LLC
Rufus Mincey, Dover Housing Authority (DHA)
Gina Miserendino, Delaware Housing Coalition (DHC)
Joseph C. Schoell, Esquire, Drinker Biddle & Reath LLP
Ami Sebastian-Hauer, DHA
Michael Skipper, WSFS Bank
Van Temple, Diamond State Community Land Trust (DSCLT)

APPROVAL OF MINUTES

Ms. Zumsteg moved that the Minutes of the May 13, 2009 meeting be approved as amended. Mr. Pearson seconded the motion and it was unanimously approved.

HDF STATEMENT REVIEW

Mr. Jones stated the only change on the attached statement since the May meeting was Item #121, Diamond State CLT approved by Council at the May meeting, which was moved to the committed column, and will be presented to Council at this meeting for supplemental financing. The remaining Items #122 through #128 represent tax credit applications received in April and whose rankings will be published June 19th at which time it will be known which projects will be subsequently presented to Council for funding. Mr. Jones stated the Tax Credit Assistance Program (TCAP) information has been submitted to HUD to qualify for \$6.6 million of HUD money for replacement funding for equity not available for 2008 and 2009 projects. The Tax Credit Exchange Program funding (an IRS program) will begin upon receipt of developers' applications to exchange existing credits for projects that could not get full equity investments. Ms. Zumsteg asked how many projects would be returning credits. Mr. Jones responded: Items #104-Hollybrook, #111-Lexington Green Apartments, #116-Marcella's House/Judy's House. The fourth project, Mr. Jones explained, is not on the statement as it is a request for HOME funds, not HDF, for Millsboro Housing for Progress for restructuring their financing and will probably be presented to Council in July. Mr. Jones stated some projects will receive TCAP funds only, Exchange funds only and that some could receive a combination of both funds.

DIAMOND STATE COMMUNITY LAND TRUST (DSCLT) GRANT REQUEST

Mr. Jones reminded Council they had approved Resolution No. 386 at the May meeting for \$90,000 for Diamond State CLT for three homes to be newly constructed by Interfaith Community Housing of Delaware, Inc. in New Castle County. Mr. Jones advised at that time that two additional houses in Dover would be brought to Council for consideration. Mr. Jones continued that the request at this meeting (copy attached) is to amend the Resolution and add \$60,000 to the previous grant for the two Dover sites noting:

- Both houses are located near Wesley College.
- Family incomes for the respective homes would not exceed 60% and 80% of median income for Kent County.

Mr. Jones reviewed comments and responses from the June 3rd Loan Review meeting which were furnished to Council prior to this meeting as follows:

- The need for assurance that homebuyers would receive homeownership and financial counseling.
 - Assurance has been received from DHA and DSCLT that homebuyers will receive the required counseling.

- The large amount of subsidy needed to buy down the houses to make them affordable. - These houses were projects of DSCLT's partnership with two other entities and were priced at approximately \$230-240,000. DSCLT is aware they need to purchase lower priced houses that would require less subsidy.
- Diminished equity growth.
 - It was agreed the CLT is a special product for homeownership and credit building. Although the homeowner has reduced equity long term they are buying into the formula when they agree to purchase the CLT property.
- The 60% median income would be waived for one Dover property as Dover Housing Authority has been working with a prospective buyer that is above 60% but lower than 80% of median income.

Mr. Jones reviewed the cost/subsidy analysis for each home noting the development costs were \$234,025 and \$229,946, sales contracts are \$125,000 and \$150,000 with a gap subsidy of \$109,025 and \$79,946 respectively. The homes are both 3 bedroom, 1-1/2 baths, with new carpeting, washer/dryer connections, new HVAC, on-demand hot water, refrigerator, stove, dishwasher and microwave. Windows/doors/appliances/HVAC/insulation are Energy Star rated. The exterior front of one property had to be maintained as historic; however the rest of the house was newly constructed. Both homes are ready for sale upon receipt of gap financing.

The homebuyer affordability analysis example for homebuyers making \$37,500 at 60% Area Median Income (AMI) was examined by Mr. Jones. The analysis revealed the total monthly payments for the \$125,000 home would be \$809 and \$947 for the \$150,000 home.

Mr. Pearson asked if the interest rates noted were locked in. Mr. Jones responded no, they were merely assumptions.

Mr. Jones stated it is the recommendation of staff to amend Resolution No. 386 by adding \$60,000 to the grant and increase the number of projects from three to five.

Mr. Peters stated he would vote no on the recommendation due to the high subsidization cost and that he believes the formula is not equitable.

At this time, Mr. Walker asked for a motion of acceptance of Resolution No. 386. There being no motion made, Mr. Walker stated the recommendation was not approved but could be presented again at a later time.

Mr. Temple asked for more explanation regarding the Council's non-vote. Ms. Zumsteg stated her concerns were the formula not appearing to be equitable and whether future funds would be available for the deep subsidization required. Ms. Zumsteg agreed that a CLT does provide a way for persons of limited means to be able to become homeowners, as well as providing affordable housing in perpetuity, but does not favor the program at this time.

Mr. Temple responded that, although there is no perfect formula, DSCLT's formula is a viable middle-of-the road formula currently being used across the country and offered to present additional examples of successful CLTs nationwide. Mr. Temple also noted the foreclosure rate of CLTs is much less than other homeowners and has proven to be an effective way for people to not only become homeowners but, more importantly, to remain homeowners.

Ms. Miserendino expressed her appreciation of trying to protect potential homeowners particularly regarding CLTs as it is a new concept in Delaware. However, Ms. Miserendino continued, the DHC had explained the CLT concept to New Horizons Cooperative, a group of very low-income people in Sussex County, and had been working with them for the past couple of years to achieve homeownership. Ms. Miserendino further stated that New Horizons understands the CLT concept and recognizes this program would provide an opportunity for homeownership and that, although limited equity would be realized, they are very anxious to participate in the CLT.

Ms. Sebastian-Hauer, representing DHA, as well as the Dover Community Partnership and the Carper/City of Dover Homeownership Initiative which DHA administers, stated their goal has been to stabilize the housing market in downtown Dover. Ms. Sebastian-Hauer continued that to provide affordable housing there are numerous roadblocks and restrictions, many of which increase the cost of the homes. DHA has raised funding from grants from various sources to provide the needed gap financing for low-income families to purchase homes. Ms. Sebastian-Hauer explained many of the grants will be forgiven five to 10 years after settlement. She urged Council to consider all issues when making their decision.

OTHER BUSINESS

Resolution No. 387

Mr. Walker presented Resolution No. 387 (copy attached) honoring Ms. McCarthy, upon her retirement from Council, for her 19 years of service. Upon unanimous agreement, Resolution No. 387 was approved.

Operations Committee Report

Ms. Louder, representing the Operations Committee, stated the annual election of officers will be held at the July 8th meeting and placed the following names in nomination: John Walker, Chair, and Norma Zumsteg as Vice Chair. Nominations will remain open until the July meeting per Ms. Louder.

Mr. Pearson thanked staff for providing the strategy meeting material well in advance of the meeting.

DSHA UPDATES

Mr. Ben Addi relinquished his time so that Council could begin planning their upcoming strategy session.

ADMINISTRATIVE MATTERS

Mr. Walker reminded Council that much time and effort has been put into planning a strategy session to determine Council's role and relationship with DSHA. Mr. Walker then introduced Dr. Leland who will be the facilitator for Council's upcoming strategy sessions as she had for Council in 2006.

At this time the strategy session, originally scheduled for Friday, June 12th, was rescheduled for Wednesday, July 1, 2009. The meeting will be held in the Community Building of Liberty Court in Dover from 9:00 a.m. to 1:00 p.m. and light refreshments will be served. The strategy session will actually be in two parts beginning at this meeting and concluding at the July 1st meeting.

Dr. Leland stated she had several meetings with Mr. Walker, Ms. Zumsteg and Mr. McLaughlin (who had consulted Mr. Ben Addi, Mr. Jones and Mr. Heckles as well) to produce the agenda, which she distributed and a copy of which is attached, that would maximize Council's time while addressing several issues which Council has raised. Dr. Leland and Council then reviewed the agenda which indicated:

GOALS FOR THE SESSIONS:

- To create a shared understand of the role of the Council and the work to be done as Members.
- To review and identify Council priorities.
- To review and clarify the role of the Loan Review Committee.

OUTLINE:

Wednesday, June 10 - The Role and Function of the Council

- Review and discussion of the most recent statutory language.
 - What is our role?
 - What is our relationship to DSHA?
 - To the larger community?
 - How has our role changed?
- Review and discussion of the Loan Review Committee.
 - What is the Committee's current role?
 - How might this work be done more effectively and more efficiently?
- Working together as a team.
 - What are the principles and operating practices that shape the way we work together?
 - How do resources shape the work we do?

Wednesday, July 1 - Exploring and Establishing Our Priorities as a Council

- Review and discussion of the various recommendations.
 - What needs are identified?
 - What needs are priorities for the Council?
 - What are the recommendations that address these needs?
 - How will the Council address these needs? Where and how should the Council focus its energies?
- Considering a new loan review process -
 - What is the role of the Council Loan Review Committee? What is the goal/purpose?
 - How have we used the Loan Review Committee in this process? How might we use this committee?
 - What benefits would accrue from a revised process? What concerns might there be?
 - Coming to a decision about loan review.
- Next steps in this process -
 - Where do we go from here?
- Considering a new loan review process.
- Next steps in this process.

A recap of today's portion of the agenda will be provided by Dr. Leland and distributed to all Council members and staff prior to the July 1st meeting. A copy of the report will also be attached to these Minutes and made a part thereof. Upon the conclusion of the strategy sessions Dr. Leland will provide a comprehensive report to Council and staff which will also be made available to the public.

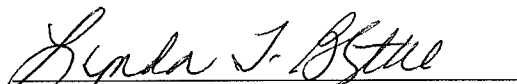
SCHEDULING OF NEXT MEETING

As noted above, the next meeting will be held July 1, 2009 in the Liberty Court Community Building in Dover from 9:00 a.m. to 1:00 p.m.

ADJOURNMENT

Ms. Zumsteg moved that the meeting be adjourned. Mr. Peters seconded the motion which was unanimously approved and the meeting adjourned at 4:15 p.m.

Respectfully submitted,


Lynda T. Blythe

Note: Copies of materials referenced as "attached" in these Minutes are available upon request.